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GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF HUMAN SERVICES  
LANSING



MARIANNE UDOW  
DIRECTOR

May 8, 2006

The Honorable Bill Hardiman, Chair  
Senate Appropriations Subcommittee on DHS  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48909-7536

The Honorable Rick Shaffer, Chair  
House Appropriations Subcommittee on DHS  
Michigan House of Representatives  
State Capitol  
Lansing Michigan 48909-7514

Dear Senator Hardiman and Representative Shaffer:

Section 532(2) of 2005 Public Act 147 (Enrolled Senate Bill 271) requires the Department of Human Services to report on the implementation of licensing and contract compliance review process.

The Office of Children and Adult Licensing (OCAL) convened a workgroup of licensed private child and family agency representatives along with department staff representing OCAL and the Purchased Services Division (PSD). This workgroup met periodically between December 2004 and February 2006. The following issues were addressed and the following action steps were taken:

**Issue #1**

The workgroup identified and proposed elimination of duplicate activities involving the OCAL annual licensing inspection and the annual PSD contract compliance review.

**Action taken**

PSD eliminated the monitoring of contractor compliance with licensing rules in order to not duplicate the OCAL annual licensing inspection.

The workgroup also recommended that OCAL and PSD schedule concurrent onsite visits when possible. OCAL and PSD agreed to coordinate routine inspections and compliant investigations when possible.

**Issue #2**

The workgroup addressed the idea of developing a streamlined licensing contract review process including utilization of deemed status for nationally accredited agencies.

**Actions taken**

Child placing agencies are currently required by administrative rule to verify a licensed agency's compliance with the provisions of the licensing rules. Many licensees incorporate monitoring for rule compliance into their agency wide continuous quality improvement process.

The workgroup designed and piloted an onsite licensing inspection process which incorporated the licensee's self assessment findings. The objective of the pilot was to evaluate if the annual licensing inspection could be streamlined and strengthened by utilizing agency self assessment findings to determine compliance with the licensing rules.

The workgroup arrived at several conclusions following the completion of this pilot. Those agencies that did not routinely monitor for compliance with licensing rules found it beneficial to participate with their licensing consultant in the onsite review process. These agencies indicated that they felt better prepared to effectively monitor ongoing compliance with the licensing rules.

It was the consensus of the workgroup that this inspection model could be an effective tool to assist agencies interested in improving their understanding and compliance with the licensing rules. The long term benefit could be improved rule compliance and a higher level of safety for children.

This workgroup requested a comparison of accreditation standards and State of Michigan licensing rules from those organizations that accredit child welfare services. The Council On Accreditation and Joint Commission On Accreditation of Healthcare Organizations provided a side by side comparison of licensing rules and the applicable accreditation standards.

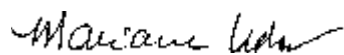
**Next steps**

OCAL will invite other child placing agencies and child caring institutions to participate in this cooperative review process as an opportunity to strengthen their internal review processes and improve their compliance with the licensing rules.

OCAL will continue to evaluate how national accreditation status can streamline and strengthen the annual licensing inspection process.

If you have any questions, please contact John Sorbet, chief administrative officer, at 373-7787.

Sincerely,



Marianne Udow

cc: Senate and House Appropriations Subcommittees on DHS  
Senate and House Fiscal Agencies  
Senate and House Policy Offices  
State Budget Director